

BANK INDONESIA REGULATION  
Number: 7/25/PBI/2005  
CONCERNING  
RISK MANAGEMENT CERTIFICATION FOR MANAGEMENT AND  
OFFICERS OF COMMERCIAL BANKS

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas the situation in the external and internal environment of the banking system is undergoing rapid changes accompanied by increasing complexity of risks for the business operations of the banking system;
  - b. whereas the increasing complexity of risks demands good corporate governance and a risk management function that encompasses identification, measurement, monitoring, and control of bank risks;
  - c. whereas the management and officers of banks must possess competence and expertise that will support risk management for the business of banks;
  - d. whereas the strengthening of competence for management and officers of banks is one measure for strengthening the quality of bank risk management in accordance with the objectives set forth in the Indonesian Banking Architecture (API);
  - e. whereas to support risk management for the business of banks, minimum requirements and standardized

competence ...

competence and expertise for management and officers in the banking industry commensurate to the complexity of the business are necessary;

- f. whereas to meet the minimum requirements and ensure standardized levels of competence and expertise for bank managers and officers, it is necessary to have certification of risk management;
- g. now therefore it is deemed necessary to enact a Bank Indonesia Regulation concerning Risk Management Certification for Management and Officers of Commercial Banks;

- In view of:
- 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette Number of the Republic of Indonesia 3790);
  - 2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To enact:               THE    BANK    INDONESIA    REGULATION  
                              CONCERNING       RISK       MANAGEMENT  
                              CERTIFICATION   FOR   MANAGEMENT   AND  
                              OFFICERS OF COMMERCIAL BANKS.

CHAPTER I  
GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Bank” is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, including a branch office of a foreign bank.
2. “Board of Commissioners”:
  - a. for a Bank legally incorporated as a Limited Liability Company is the board of commissioners as referred to in Article 1 number 4 of Act Number 1 of 1995 concerning Limited Liability Companies;
  - b. for a Bank legally incorporated as a Regional Government Enterprise is the board of supervisors as referred to in Article 11 of Act Number 5 of 1962 concerning Regional Government Enterprises;
  - c. for a Bank legally incorporated as a Cooperative is the board of supervisors as referred to in Article 29 of Act Number 25 of 1992 concerning Cooperatives,
3. “Board of Directors”:

- a. for a Bank legally incorporated as a Limited Liability Company is the board of directors as referred to in Article 1 number 4 of Act Number 1 of 1995 concerning Limited Liability Companies;
  - b. for a Bank legally incorporated as a Regional Government Enterprise is the board of directors as referred to in Article 11 of Act Number 5 of 1962 concerning Regional Government Enterprises;
  - c. for a Bank legally incorporated as a Cooperative is the executive board as referred to in Article 29 of Act Number 25 of 1992 concerning Cooperatives;
  - d. for a branch office of a foreign bank is the management of the branch office of the foreign bank,
- 4. “Management” is the Board of Commissioners and Board of Directors of a Bank.
  - 5. “Bank Officers” are Bank employees holding positions below the Board of Directors as appropriate to the volume and complexity of business, including Bank employees who exercise influence over the policy and/or operations of the Bank.
  - 6. “Bank Risk Managers” are members of the Board of Directors and Bank Officers in charge of and/or making decisions involving risks in accordance with their authority in Core Risk Taking Units, Supporting Risk Taking Units, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit.
  - 7. “Core Risk Taking Unit” is a main operational unit that makes and carries out decisions involving risks, including but not limited to the activities of credit, treasury, information system, and accounting, and includes operating offices.

8. “Supporting Risk Taking Unit” is a supporting unit, including but not limited to activities pertaining to legal affairs, logistics, and human resources.
9. “Risk Management Unit” is a Risk Management Unit as defined in the regulatory provisions concerning Application of Risk Management for Commercial Banks.
10. “Compliance Unit” is a unit conducting activities to ensure the compliance of the Bank with the applicable regulatory provisions.
11. “Internal Audit Unit” (SKAI) is a unit performing the internal audit function.
12. “Risk Management” is a series of procedures and methodology used to identify, measure, monitor, and control risks arising from the business of a Bank.
13. “Professional Certification Agency” is an institution conducting Risk Management Certification.
14. “Risk Management Certification” is a process for testing of competence in Bank Risk Management.
15. “Risk Management Certificate” is documentary evidence of completion of Risk Management Certification.
16. “Refresher Program” is a continued training program in Risk Management recognized by a Professional Certification Agency, consisting of course training, seminars, workshops, or equivalent.
17. “Education Provider” is an organization or institution recognized by a Professional Certification Agency that has the objective of providing training for participants in Risk Management Certification examinations.

## Article 2

- (1) Banks are required to apply Risk Management on an effective basis.
- (2) In the application of Risk Management on an effective basis as referred to in paragraph (1), the Bank is required to fill the positions on the Board of Commissioners and for the Bank Risk Manager with human resources possessing competence and expertise in Risk Management.
- (3) Members of the Board of Commissioners and Bank Risk Managers as referred to in paragraph (2) are required to hold Risk Management Certificates.
- (4) The Risk Management Certificate as referred to in paragraph (3) shall be issued by a Professional Certification Agency.

## Article 3

The requirement for Management and Executive Officers of Banks to hold Risk Management Certificates as referred to in Article 2 paragraph (3) represents one aspect in assessment of the competence factor as stipulated in the Bank Indonesia regulations concerning the Fit and Proper Test.

## Article 4

- (1) Banks are required to plan and implement a human resources development program in order to build competence and expertise in Risk Management.
- (2) The human resources development plan as referred to in paragraph (1) shall be set out in the business plan of the Bank commencing from 2006 as stipulated in the Bank Indonesia regulations concerning the Business Plans of Commercial Banks.

## CHAPTER II

### LEVELS OF RISK MANAGEMENT CERTIFICATES

#### Article 5

Five levels are stipulated for Risk Management Certificates as referred to in Article 2, based on the hierarchy and organizational structure of the Bank, as follows:

- a. level 1;
- b. level 2;
- c. level 3;
- d. level 4;
- e. level 5.

#### Article 6

The Board of Commissioners and Bank Risk Managers are required to take a test at each level of Risk Management Certification as referred to in Article 5 in sequential order from level 1 through the required level of certification.

#### Article 7

To participate in an examination for Risk Management Certification at any of the levels referred to in Article 6, each participant shall meet the following required minimum length of service:

- a. 0 (zero) years for level 1;
- b. 3 (three) years for level 2;
- c. 5 (five) years for level 3;
- d. 7 (seven) years for level 4;
- e. 8 (eight) years for level 5.

## Article 8

Level 1 Risk Management Certification as referred to in Article 5 letter a shall be held by:

- a. each member of the Board of Commissioners;
- b. each Bank Officer of a Bank holding assets of less than Rp 1,000,000,000,000.00 (one trillion rupiahs) down to 2 (two) levels in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, Supporting Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit;
- c. each Bank Officer of a Bank holding assets of Rp 1,000,000,000,000.00 (one trillion rupiahs) through Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 3 (three) levels in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, Supporting Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit;
- d. each Bank Officer of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 4 (four) levels in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, Supporting Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit;

## Article 9

Level 2 Risk Management Certification as referred to in Article 5 letter b shall be held by:

- a. each independent member of the board of commissioners;

b. each ...



- b. each Director of a Bank holding assets of less than Rp 1,000,000,000,000.00 (one trillion rupiahs) in charge of Supporting Risk Taking Units;
- c. each Bank Officer of a Bank holding assets of less than Rp 1,000,000,000,000.00 (one trillion rupiahs) down to 1 (one) level in the hierarchy and organizational structure below the Board of Directors, in charge of a Core Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and Compliance Unit;
- d. each Bank Officer of a Bank holding assets of Rp 1,000,000,000,000.00 (one trillion rupiahs) through Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 1 (one) level in the hierarchy and organizational structure below the Board of Directors, working in a Supporting Risk Taking Unit;
- e. each Bank Officer of a Bank holding assets of Rp 1,000,000,000,000.00 (one trillion rupiahs) through Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 2 (two) levels in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit;
- f. each Bank Officer of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 2 (two) levels in the hierarchy and organizational structure below the Board of Directors, working in a Supporting Risk Taking Unit;
- g. each Bank Officer of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 3 (three) levels in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit;

## Article 10

Level 3 Risk Management Certification as referred to in Article 5 letter c shall be held by:

- a. each Managing Director and Director of a Bank holding assets of less than Rp 1,000,000,000,000.00 (one trillion rupiahs) in charge of Core Risk Taking Units, the Risk Management Unit, the Internal Audit Unit, and Compliance Unit;
- b. each Director of a Bank holding assets of Rp 1,000,000,000,000.00 (one trillion rupiahs) through Rp 10,000,000,000,000.00 (ten trillion rupiahs) in charge of Supporting Risk Taking Units;
- c. each Bank Officer of a Bank holding assets of Rp 1,000,000,000,000.00 (one trillion rupiahs) through Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 1 (one) level in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit;
- d. each Bank Officer of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 1 (one) level in the hierarchy and organizational structure below the Board of Directors, working in a Supporting Risk Taking Unit;
- e. each Bank Officer of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 2 (two) levels in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit.

#### Article 11

Level 4 Risk Management Certification as referred to in Article 5 letter d shall be held by:

- a. each Managing Director and Director of a Bank holding assets of Rp 1,000,000,000,000.00 (one trillion rupiahs) through Rp 10,000,000,000,000.00 (ten trillion rupiahs) in charge of Core Risk Taking Units, the Risk Management Unit, the Internal Audit Unit, and Compliance Unit;
- b. each Director of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) in charge of Supporting Risk Taking Units;
- c. each Bank Officer of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) down to 1 (one) level in the hierarchy and organizational structure below the Board of Directors, working in a Core Risk Taking Unit, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit.

#### Article 12

Level 5 Risk Management Certification as referred to in Article 5 letter e shall be held by each Managing Director and Director of a Bank holding assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs) in charge of Core Risk Taking Units, the Risk Management Unit, the Internal Audit Unit, and the Compliance Unit.

CHAPTER III  
REFRESHER PROGRAMS

Article 13

Banks are required to ensure the participation in a regular Refresher Program of each member of the Board of Commissioners and each Bank Risk Manager subject to the requirements referred to in Article 8, Article 9, Article 10, Article 11, and Article 12.

Article 14

- (1) Members of the Board of Commissioners and Bank Risk Managers holding Risk Management Certificates are required to attend Refresher Programs no less than:
  - a. once every 4 (four) years for level 1;
  - b. once every 4 (four) years for level 2;
  - c. once every 2 (two) years for level 3;
  - d. once every 2 (two) years for level 4;
  - e. once every 2 (two) years for level 5;
- (2) The periods for which Refresher Program are required as referred to in paragraph (1) shall commence from the latest issuance of a Risk Management Certificate.
- (3) A Refresher Program as referred to in paragraph (1) shall be conducted by an Education Provider recognized by a Professional Certification Agency.

Article 15

- (1) If a holder of a Risk Management Certificate as referred to in Article 8, Article 9, Article 10, Article 11, and Article 12 fails to comply with the

provisions ...

provisions referred to in Article 14, the latest level of Risk Management Certificate held by that person shall be declared no longer valid.

- (2) The recognized level of Risk Management Certificate for a Risk Management Certificate holder as referred to in paragraph (1) shall be one level below the Risk Management Certificate declared no longer valid.

#### Article 16

A holder of a Risk Management Certificate as referred to in Article 15 paragraph (1) may only hold a restricted position as referred to in Article 8, Article 9, Article 10, Article 11, and Article 12 in conformity with the recognized level of Risk Management Certificate as referred to in Article 15 paragraph (2).

### CHAPTER IV

#### CERTIFICATION AGENCY

#### Article 17

- (1) Risk Management Certification may only be organized and held by a Professional Certification Agency licensed by the National Agency for Professional Certification (BNSP).
- (2) For purposes of licensing as referred to in paragraph (1), Bank Indonesia shall issue a recommendation to the National Agency for Professional Certification (BNSP).

#### Article 18

A recommendation shall be issued as referred to in Article 17 paragraph (2) if the Professional Certification Agency has met at least the following requirements:

- a. is established ...

- a. is established by a financial sector risk management professional organization in which the majority of the management possess at least 10 (ten) years of experience in banking and are competent in Risk Management;
- b. has a vision, mission, and strategy that supports the building of competence and expertise in Risk Management;
- c. is capable of acting independently in the performance of its tasks;
- d. possesses adequate experience in the operation of Risk Management Certification programs;
- e. has organizational bodies at least as follows:
  - 1) Board of Ethics;
  - 2) Board of Certification;
  - 3) Executive Board.

#### Article 19

- (1) A Professional Certification Agency as referred to in Article 18 shall request approval from Bank Indonesia in regard to:
  - a. adopting the curriculum and course materials for Risk Management Certification;
  - b. adopting accreditation standards for Education and Refresher Program Providers;
  - c. adopting standards of recognition of Risk Management Certificates issued by institutions other than a Professional Certification Agency;
  - d. regulate the requirements for Risk Management Certification;
  - e. formulate or amend the professional code of ethics.
- (2) A Professional Certification Institution as referred to in Article 18 shall have the following tasks and powers:

a. conduct ...

- a. conduct Risk Management Certification in keeping with international best practices;
- b. issue Risk Management Certificates;
- c. revoke Risk Management Certificates if the holder of a Risk Management Certificate is convicted of banking crimes as stipulated in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 on the basis of a court decision with permanent legal force or violation of professional code of ethics;
- d. report activities related to Risk Management Certification to Bank Indonesia on a regular basis.

#### Article 20

Further provisions concerning membership, duties, and responsibilities of the Board of Ethics, Board of Certification, and Executive Board shall be stipulated by the Professional Certification Agency.

### CHAPTER V

#### RECOGNITION OF OTHER RISK MANAGEMENT CERTIFICATES

#### Article 21

- (1) A Risk Management Certificate issued by an international agency or other agency outside Indonesia may be considered for recognition equivalent to Risk Management Certificate issued by a Professional Certification Agency.
- (2) Recognition as referred to in paragraph (1) shall take into account at least the following:

a. the ...

- a. the agency issuing the certificate is internationally recognized and accepted;
- b. certificates have been issued during the last 4 (four) years.

## CHAPTER VI MISCELLANEOUS PROVISIONS

### Article 22

Bank Indonesia reserves the right to:

- a. not recognize Risk Management Certificates held by the Management and Officers of a Bank if problems are discovered in regard to competence and integrity according to the findings of supervision and examination conducted by Bank Indonesia;
- b. request progress reports and information on the work program of a Professional Certification Agency, if needed.

### Article 23

Banks are required to replace any member of the Board of Commissioners and any Bank Risk Manager not holding a Risk Management Certificate appropriate to the level of position requirements as referred to in Article 8, Article 9, Article 10, Article 11, and Article 12 within a period of no more than 90 (ninety) days.



## CHAPTER VII

### SANCTIONS

#### Article 24

- (1) Any Bank failing to comply with the provisions referred to in Article 2 paragraph (2) shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 in the form of downgrading in the management aspect of rating.
- (2) Any Bank failing to comply with the provisions referred to in Article 23 shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 in the form of downgrading of rating and financial penalty.
- (3) The financial penalty referred to in paragraph (2) shall be Rp 1,000,000.00 (one million rupiahs) per day for each member of the Board of Commissioners or Bank Risk Manager up to a maximum of Rp 100,000,000.00 (one hundred million rupiahs).

## CHAPTER VIII

### TRANSITIONAL PROVISIONS

#### Article 25

The requirement for compliance with the provisions referred to in Article 2 paragraph (2) and paragraph (3) shall be met no later than 5 (five) years commencing from the promulgation of this Bank Indonesia Regulation.

Article 26

- (1) Any Executive Program Risk Management Certificate held by a Commissioner and Director of a Bank prior to the promulgation of this Bank Indonesia Regulation is declared to remain valid 5 (five) years commencing from the promulgation of this Bank Indonesia Regulation.
- (2) Executive Program Risk Management Certificates as referred to in paragraph (1) shall be recognized as Risk Management Certificates in accordance with the required levels of certificates and the scale and complexity of the business of the Bank as referred to in Article 8, Article 9, Article 10, Article 11, and Article 12.
- (3) After the expiration of the 5 (five) year period as referred to in paragraph (1), the Board of Directors and Board of Commissioners of a Bank shall be required to hold Risk Management Certificates appropriate to the scale and complexity of the business of the Bank as referred to in Article 8, Article 9, Article 10, Article 11, and Article 12.

CHAPTER IX

CONCLUDING PROVISIONS

Article 27

Further provisions for the implementation of Risk Management Certification for the Management and Officers of Commercial Banks shall be stipulated in a Circular Letter of Bank Indonesia.

- 19 -

Article 28

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated August 3, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 72 OF 2005  
DPNP/DPbS

ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
Number: 7/25/PBI/2005  
CONCERNING  
RISK MANAGEMENT CERTIFICATION FOR MANAGEMENT AND  
OFFICERS OF COMMERCIAL BANKS

GENERAL REVIEW

The rapid growth in the banking industry accompanied by increasing complexity of the business conducted by banks has led to increased risk exposure for banks. For banks to conduct business on a sustainable basis and to keep pace with the growth of the banking industry, it is necessary to adopt good corporate governance and risk management on an effective basis. This is also consistent with the planned future application of the Basel II Accord, which requires adequate risk management for the business of banks.

One factor crucial to the success and effectiveness of risk management in the banking industry is the expertise and competence of human resources in bank risk management, whether those involved in risk taking functions, risk management functions, or internal control functions. To build more adequate competence and expertise in risk management, the management and executive officers need to build their knowledge, skills, and capacity by such means as standardized examination in the form of risk management certification.

Risk management certification represents the minimum standard of competence and expertise that must be met by management and officers in the banking industry to ensure that the business of banks is conducted by competent human resources with expertise in their fields. In view of the complexity of bank

business ...

business, various levels of the required certification have been stipulated for management and officers for each category of position and category of bank.

In this regard, Bank Indonesia deems it necessary to institute compulsory risk management certification for the management and officers of banks in the form of a Bank Indonesia Regulation.

## ARTICLE BY ARTICLE

### Article 1

Number 1 through number 17

Self-explanatory

### Article 2

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Because branch offices of foreign banks do not have a Board of Commissioners, the requirement for the Board of Commissioners to hold Risk Management Certification is not applicable to branch offices of foreign banks.

Paragraph (4)

Self-explanatory

### Article 3

Executive Officers of Banks are officers directly responsible to the Board of Directors or exercising influence over the policies and operations of a company or Bank, including but not limited to branch office management and the head of the Internal Audit Unit.

### Article 4

#### Paragraph (1)

A human resources development program includes an education and training program for candidate Bank Risk Managers.

#### Paragraph (2)

The description of the human resources development program shall follow the guidance of the Bank Indonesia regulations concerning the Business Plan for Commercial Banks.

### Article 5

The understanding of down 1 (one) level in hierarchy and organizational structure includes the relationship between head and deputy head of a unit in which, for example, a deputy division head is one level below the division head or the deputy branch manager is one level below the branch manager.

In view of the diversity of hierarchy of positions and organizational structures among various Banks, Bank Indonesia may rule that certain employees are Bank Officers according to the limits of authority of the employees concerned.

Letter a

The scope of level 1 Risk Management Certification covers the basic understanding of Risk Management for the banking system.

Letter b

The scope of a level 2 Risk Management Certificate includes at the minimum the capacity for identification and measurement of Bank risks.

Letter c

The scope of a level 3 Risk Management Certificate includes at the minimum the capacity for identification, measurement, monitoring, and control of Bank risks, specifically for fairly complex risk exposures.

Letter d

The scope of a level 4 Risk Management Certificate includes at the minimum the capacity for identification, measurement, monitoring, and control of Bank risks, specifically for complex risk exposures.

Letter e

The scope of a level 5 Risk Management Certificate includes at the minimum the capacity for identification, measurement, monitoring, and control of Bank risks, specifically for more complex risk exposures.

## Article 6

For example, to hold a position as head of the credit division of a Bank with assets of more than Rp 10,000,000,000,000.00 (ten trillion rupiahs), which requires a level 4 Risk Management Certificate, the party concerned

must ...

must hold level 1 through level 3 Risk Management Certificates as a prerequisite for taking the test for level 4.

#### Article 7

Determination of the required minimum length of service shall commence from the listing of the party concerned as employee or officer at an institution operating in the financial sector or existing within the financial system.

#### Article 8

Self-explanatory

#### Article 9

Letter a

“Independent member of the Board of Commissioners” is defined as a member of the Board of Commissioners that must come from a party independent of the Bank owners as stipulated in the Bank Indonesia regulation concerning Commercial Banks.

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Self-explanatory

Letter e

Self-explanatory

Letter f ...



Letter f

Self-explanatory

Letter g

Self-explanatory

Article 10

Self-explanatory

Article 11

Self-explanatory

Article 12

Self-explanatory

Article 13

The objective of the Refresher Program is for the Commissioners and Risk Managers of Banks to keep abreast of the latest developments and bring themselves up to date in technical, managerial, and supervisory areas of Risk Management.

Article 14

Paragraph (1)

Self-explanatory

Paragraph (2) ...

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

## Article 15

Paragraph (1)

Self-explanatory

Paragraph (2)

Downgrading of Risk Management Certification shall not diminish the obligation of the party concerned to participate in a Refresher Program at the recognized level of the Risk Management Certificate.

## Article 16

Self-explanatory

## Article 17

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

## Article 18

### Letter a

Competence in Risk Management shall be proven, among others, by possession of a Risk Management Certificate, experience as speaker in seminars on Risk Management, or research in Risk Management.

### Letter b

The vision, mission, and strategy of a Professional Certification Agency shall be set out in a short-term and long-term work plan for the Professional Certification Agency.

### Letter c

The understanding of independent is the ability to reject influence or intervention from any party whatsoever.

### Letter d

At the minimum, a Professional Certification Agency shall have organized and held a Risk Management Certification program on a national scale.

### Letter e

Self-explanatory

#### Number 1)

The Board of Ethics is an organizational unit of a Professional Certification Agency vested with tasks that include but are not limited to decisions on revocation of Risk Management Certificates and ensuring the credibility and integrity of Risk Management Certification.

Number 2) ...

Number 2)

The Board of Certification is an organizational unit of a Professional Certification Agency vested with the task of establishing Risk Management Certification policy.

Number 3)

The Executive Board is the organizational unit of a Professional Certification Agency vested with the technical, administrative, and operational tasks of the Professional Certification Agency and empowered to represent the Professional Certification Agency in and out of court.

Article 19

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

“Risk Management Certification” in keeping with international best practices is internationally recognized certification, for example, the Financial Risk Manager (FRM) and Professional Risk Manager (PRM) certificates.

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Related activity reports include but are not limited to reports on number of participants in Risk Management Certification and

Refresher Programs, and revocation of Risk Management  
Certificates.

Article 20

Self-explanatory

Article 21

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Internationally recognized and accepted certificate issuing  
institutions include but are not limited to GARP and the  
Professional Risk Managers' International Association  
(PRMIA)

Letter b

Self-explanatory

Article 22

Letter a

Findings of supervision and examination include but are not limited  
to the results of the fit and proper test.

Letter b

Self-explanatory

#### Article 23

The 90 (ninety) day period shall commence from the time that the party concerned does not hold a Risk Management Certificate according to the requirements concerning level of position.

In the first instance, the 90 (ninety) day period shall be calculated from the effective date of the requirement to hold a Risk Management Certificate as referred to in Article 25.

#### Article 24

##### Paragraph (1)

Self-explanatory

##### Paragraph (2)

Imposition of sanctions under this paragraph shall commence upon expiration of the period referred to in Article 23.

##### Paragraph (3)

Self-explanatory

#### Article 25

Self-explanatory

#### Article 26

##### Paragraph (1)

Executive Program Risk Management Certificate is a certificate obtained under a Risk Management Certification program for Commissioners and Directors recognized by Bank Indonesia.

With ...

With this recognition, Commissioners and Directors already holding an Executive Program Risk Management Certificate shall be exempted from the requirement to comply with the levels of Risk Management Certification as referred to in Article 6.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 27

Self-explanatory

Article 28

Self-explanatory